

Industrial Market Snapshot

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Leasing

The leasing market in the Temecula Valley region remains active. Vacancy rates have fallen to seven percent and eight percent, respectively, in the cities of Temecula and Murrieta. Overall year-to-date absorption is still negative with approximately 27,000 square feet of new industrial product arriving on the market since the same time last year. Product selection has tightened up, as many of the better locations and higher quality buildings lease quickly. Expect leasing to remain brisk and absorption to return to positive territory by the second half of 2012.

Sales

The sales market is steady, although bank-owned REO property sales have declined as less lender-owned product is scheduled to hit the market. Receivers are auctioning property in many cases to achieve a faster time to market, thus clearing the market of distressed properties and injecting new capital into the local market. The new lower basis of new investors buying distressed properties will stabilize values in the area. Capitalization rates are still in the 7.5-8.5 percent range for income producing industrial properties.

Land Sales

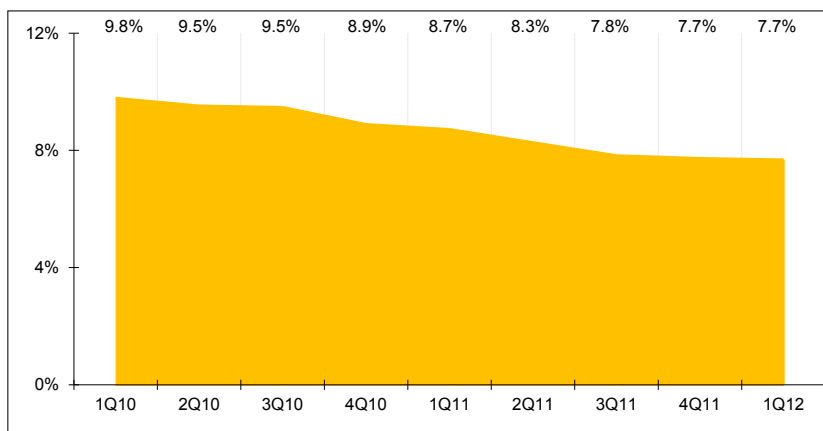
Land sales are infrequent, although some investors are beginning to return to land investment. Pricing for improved lots and unfinished lots is lower than it has been in a decade. Expect pricing of anywhere from \$1 for unimproved sites to \$6/SF for improved sites, depending on location, size, status of entitlements, and other specific factors. These investors may have a long hold period until development returns to the area, anywhere from two to four years.

Southwest Riverside County Industrial Market Trends

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Jolanta Campion
 Director of Research
 jolanta.campion@cassidyurley.com

Grubb & Ellis|WestMar
 41623 Margarita Road, Suite 100
 Temecula, CA 92591
 p | 951.491.6300 f | 951.491.6330
 www.WestMarbre.com
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Industrial Direct Vacancy Rate

All Product Types. Source: CoStar

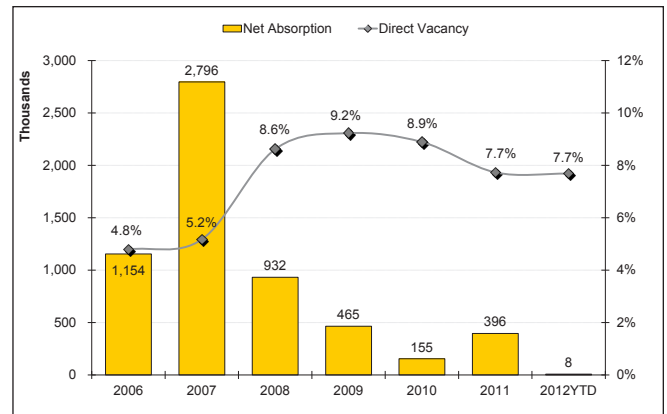
Industrial Trends Report—First Quarter 2012 Southwest Riverside County, CA



	Current	Change from last		Forecast
		Qtr.	Year	
Direct Vacancy Rate	7.7%	↔	↓	↔
Net Absorption	8,323 SF	↓	↓	↔
Asking Rent	\$0.34 NNN	↑	↓	↔
Under Construction	704,925 SF	↔	↑	↔

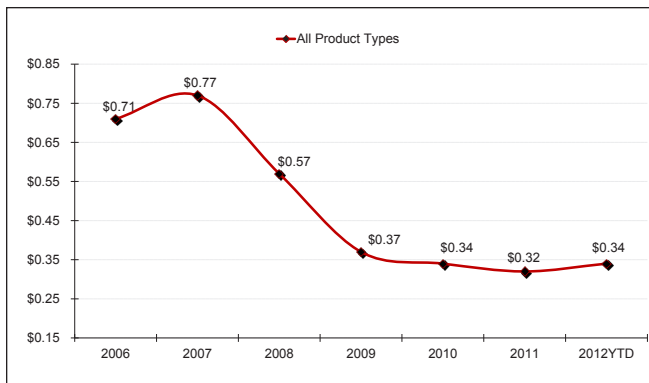
Market Trend Indicators

Southwest Riverside County; Source: CoStar



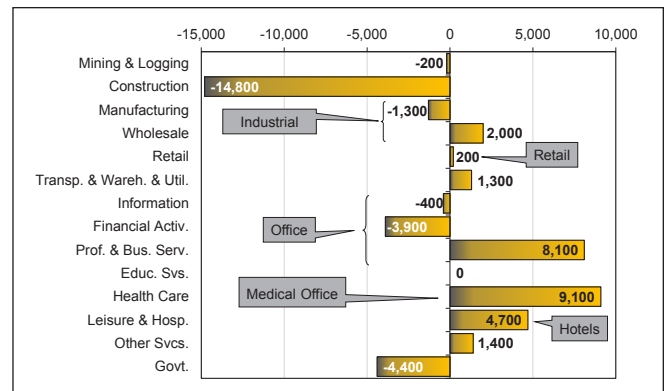
Annual Direct Net Absorption vs. Direct Vacancy

Southwest Riverside County; Source: CoStar



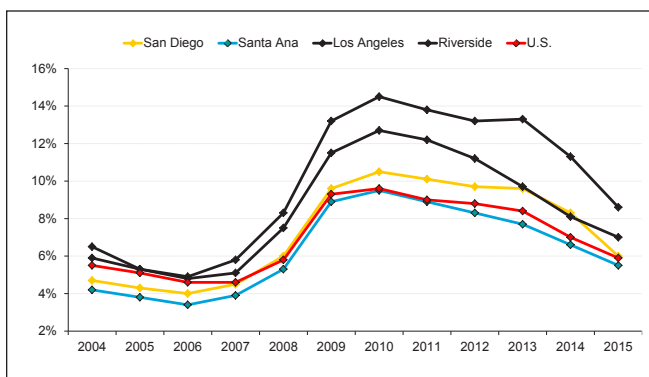
Total Weighted Average Monthly Asking Rent (NNN)

Southwest Riverside County; Source: CoStar



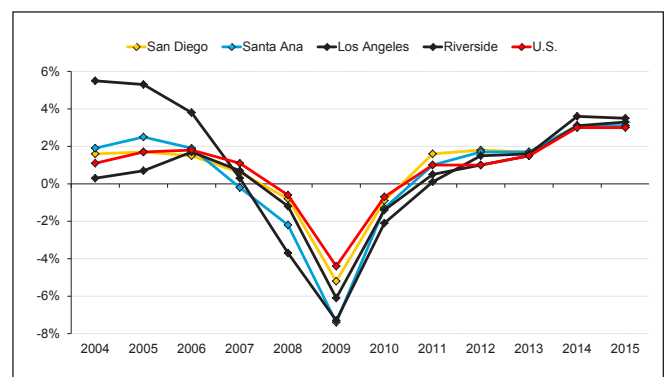
Net Change in Jobs by Industry Sector

In Riverside San Bernardino Ontario MSA
June 2009 (end of recession) - March 2012
Source: U.S. Dept. of Labor, Bureau of Labor Statistics Labor Dept.



Unemployment Rate in Comparison

Source: Moody's Economy.com www.economy.com
Précis METRO December 2011



Total Employment Annual Percentage Change

Source: Moody's Economy.com www.economy.com
Précis METRO December 2011

PROJECTS OF THE QUARTER



CENTURY BUSINESS CENTER

Technology Drive, Murrieta, CA

Two multi-tenant industrial buildings featuring small suites from 1,300 sf to 2,450 sf with many amenities, including: pre-wiring for networking in offices, excellent parking, high-visibility location with monument signage opportunities, 16' warehouse clear height, and much more. Ready for immediate occupancy! Lease rates starting at \$0.75 modified gross with month-to-month tenancy available.

Listed by Christopher Masino, SIOR



WESTSIDE TECH

42015 & 42045 Remington Avenue, Temecula. CA

This building has suites available from 1,869 sf to 3,986sf and is located in Westside Business Center in Temecula. Warehouse features +/- 12' X14' Grade level loading doors and +/-22' clear height. There is heavy power 200-800 amps and 220 and 480 volts with 3-phase electrical service per suite. Prices starting at \$0.48 psf, Modified Gross plus CAM of \$0.10 psf.

Listed by Christopher Masino, SIOR and Luanne Palmer



YNEZ BUSINESS CENTER

26111 Ynez Road, Temecula, CA

This property features a wide range of multi-tenant office and warehouse spaces available for lease, starting at 968 square feet. The project is located in the prestigious Rancho California Corporate Park, a block from the regional Temecula Promenade Mall. Each suite features offices and roll-up truck doors for ease of loading as well as 200 amp, three phase electrical service.

Listed by Jim Nadal, SIOR



ZEVO DRIVE INDUSTRIAL

41995 Zevo Drive

This 253,000 square foot warehouse/distribution facility is the largest available industrial facility in the Temecula Valley. It boasts 525 parking spaces, and with 9 additional acres available, can handle the greatest parking requirements, making it ideal for a call center. The building features 28 dock high loading doors, 28' clear height, and over 4,000 amps of power. Available for lease.

Listed by Jim Nadal, SIOR

INDUSTRIAL MARKET SNAPSHOT SOUTHWEST RIVERSIDE COUNTY FIRST QUARTER 2012

By Submarket	Total SF	VACANCY %		Total	NET ABSORPTION		Under Construction SF	ASKING RENT (NNN)	
		Direct	Sublease		Current	YTD		Total Average	
Hemet	2,917,412	3.7%	0.0%	3.7%	(4,574)	(4,574)	0	-	
Lake Elsinore	3,050,877	8.6%	0.0%	8.6%	(31,991)	(31,991)	0	\$0.58	
Menifee	709,590	1.1%	0.0%	1.1%	3,305	3,305	0	\$1.00	
Murrieta	6,011,358	8.2%	0.1%	8.3%	21,939	21,939	0	\$0.46	
Perris	12,010,246	7.8%	0.0%	7.8%	(28,301)	(28,301)	704,925	\$0.27	
Romoland	226,933	0.0%	0.0%	0.0%	0	0	0	-	
San Jacinto	1,534,765	2.4%	0.0%	2.4%	64,454	64,454	0	\$0.70	
Temecula	12,124,051	8.9%	1.3%	10.3%	(12,093)	(12,093)	0	\$0.41	
Wildomar	652,352	14.7%	0.0%	14.7%	(4,416)	(4,416)	0	-	
Winchester	52,827	0.0%	0.0%	0.0%	0	0	0	-	
GRAND TOTAL	39,290,411	7.7%	0.4%	8.1%	8,323	8,323	704,925	\$0.34	

Source:  CoSTAR GROUP

INDUSTRIAL TERMS AND DEFINITIONS

Inventory: All Industrial building types are included in both single-tenant and multi-tenant buildings, including owner-occupied buildings.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

Vacant Space: Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that currently being paid for by a tenant but not occupied by that tenant would be considered vacant

space. Likewise space that has been leased but not yet occupied because of finish work being done would also be considered vacant space.

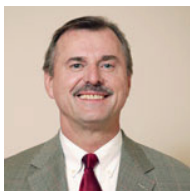
Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted net absorption excludes sublease space.

Weighted Average Rental Rate: Rental rates that are calculated by factoring in or weighting the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space

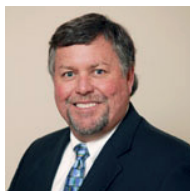
to the square footage associated with rental rates on all available spas, multiplying the rental rate by that ration, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces. All rental rates reported in the CoStar Industrial Report are calculated using the quoted rental rate for each property.

* Data in this report has been gathered from third party sources and hasn't been independently verified by Grubb & Ellis|WestMar. Grubb & Ellis|WestMar makes no warranties or representation as to the completeness or accuracy thereof.

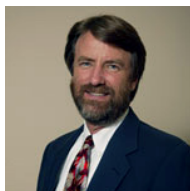
GRUBB & ELLIS|WESTMAR PROFESSIONALS



FRED GRIMES
CEO|Managing Director
951.491.6300
fgrimes@WestMarbre.com
CA Lic. 01525630



MARK ESBENSEN
CFO|Managing Director
951.491.6300
mesbensen@WestMarbre.com
CA Lic. 00713990



JIM NADAL
Office Division
951.491.6300
jnadal@WestMarbre.com
CA Lic. 01040679



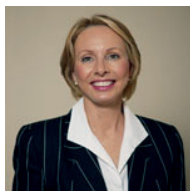
SCOTT FOREST
Retail Division
951.491.6300
sforest@WestMarbre.com
CA Lic. 01396577



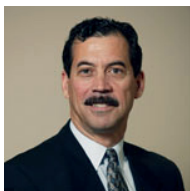
BOB KIRKPATRICK
Investment Division
951.491.6300
bkirkpatrick@WestMarbre.com
CA Lic. 00575633



JANET KRAMER
Retail Division
951.491.6300
jkramer@WestMarbre.com
CA Lic. 01351570



LUANNE PALMER
Office Division
951.491.6321
lpalmer@WestMarbre.com
CA Lic. 01444893



JERRY PALMER
Investment Division
951.491.6322
jpalmer@WestMarbre.com
CA Lic. 01442207



CHRIS MASINO, SIOR
Industrial Division
951.491.6306
cmasino@WestMarbre.com
CA Lic. 01352110



JASON MICHAEL
Retail Division
951.491.6308
jmichael@WestMarbre.com
CA Lic. 01867288